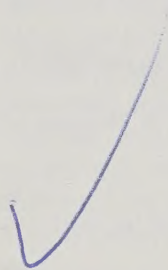


# Annual Report 1969



**Cochrane-Dunlop**  
Hardware Limited

**COCHRANE-DUNLOP  
HARDWARE LIMITED**

**DIRECTORS**

F. Cochrane . . . Toronto, Ontario  
W. C. Cochrane . . . Toronto, Ontario  
N. M. Perris . . . Ocean City, New Jersey,  
U.S.A.  
A. E. Barron . . . Toronto, Ontario  
E. A. Bird . . . Toronto, Ontario  
R. L. Hearn . . . Queenston, Ontario  
D. Higgins . . . Toronto, Ontario

**OFFICERS**

W. C. Cochrane . . . Chairman of the Board  
F. Cochrane . . . . . President  
D. Higgins . . . . . Vice-President  
and General Manager  
E. A. Bird . . . . . Vice-President  
R. L. T. Baillie . . . Secretary-Treasurer

**EXECUTIVE OFFICES**

160 Bloor Street East, Toronto, Ontario

**TRANSFER AGENT AND REGISTRAR**

The Canada Trust Company—Toronto

**WHOLLY-OWNED SUBSIDIARY  
COMPANIES**

C-D Hardware Sales Limited

Cochrane-Dunlop Hardware—  
Quebec, Inc.

Cochrane-Dunlop Hardware  
Manitoba Limited

Cochrane-Dunlop Hardware  
Saskatchewan Limited

Dominion Hardware Stores Limited



## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The consolidated financial statements of Cochrane-Dunlop Hardware Limited and its subsidiaries for the year ended December 31, 1969 together with the report of the Auditors are submitted on behalf of your Board of Directors.

Net income for 1969 was \$429,092 or \$2.90 per share, compared with \$518,531 or \$3.53 per share in 1968. This represented a decrease in income of \$89,439 or 17% from the previous year. Included in income for 1969 is a gain of \$68,904 on sale of marketable securities. Before including this item, income for 1969 was \$360,188 or \$2.42 per share, a decrease of 30% from income for 1968.

Total sales for the year increased by 0.24% over the previous year. Sales for the first six months of 1969 were 9.6% over 1968, however, in the last half of the year, 1969 sales were 7.7% below the 1968 level. This decrease can be attributed to the effect of several strikes which closed customers' plants in major branch areas and which have now been settled. Anticipated sales volumes were adversely affected in the Sudbury area (in both wholesale and retail outlets), in Sault Ste. Marie, Thunder Bay, and the Hamilton area. Product supply was also dislocated to some degree by these strikes, with a resulting effect on our ability to meet sales objectives in our main branch areas.

As a service organization, your company is susceptible to labour-based expense factors, particularly in an inflationary environment. Cost increases affecting both expenses and cost of goods sold have been experienced in all company locations; in addition, interest costs have increased as a result, in part, of increased bank interest rates and in part, of increased borrowing to finance our new operations in Saskatchewan.

Build-up of volume through our two new wholesale warehouses in Saskatchewan, (at Esterhazy, opened in June, 1968 and Saskatoon, opened in January, 1969) is proceeding.

A number of labour agreements are being reviewed at the present time. These are expected to affect the company's results for 1970. The inflationary nature of union demands is apparent.

The major item included in expenditures on fixed assets is \$59,000 representing the initial costs of an extension to our wholesale warehouse in Thompson, Manitoba, estimated to cost approximately \$100,000 in total. Other expenditures are mainly regular equipment replacement and facility improvement costs arising in all company locations.

On behalf of the Board,

Toronto, Ontario  
April 3, 1970.

F. COCHRANE  
President

## FINANCIAL HIGHLIGHTS

FOR THE YEAR	1969	1968	1967
Sales . . . . .	\$35,750,970	\$35,661,895	\$33,112,129
Operating income . . . . .	958,110	1,300,071	1,121,338
% to sales . . . . .	2.7%	3.6%	3.4%
Net income . . . . .	360,188 *	518,531	456,543
% to sales . . . . .	1.0% *	1.4%	1.4%
per common share . . . . .	2.42 *	3.53	3.10
Dividends—total . . . . .	128,088	128,088	128,088
per share—Class A . . . . .	.80	.80	.80
—Common . . . . .	.80	.80	.80
Increase in working capital . . . . .	364,504	116,603	153,919
AT YEAR END			
Working capital . . . . .	6,511,642	6,147,138	6,030,535
Shareholders' equity . . . . .	8,958,084	8,657,080	8,266,637
Shares outstanding			
—Class A . . . . .	17,092	17,092	17,092
—Common . . . . .	143,018	143,018	143,018

\* Before Extraordinary Item.

## CONSOLIDATED BALANCE SHEET DECEMBER 31, 1969

April 3, 1970.



# HARDWARE LIMITED

## Y COMPANIES

### LIABILITIES

1969

1968

#### Current Liabilities:

Bank indebtedness . . . . .	\$ 1,580,068	\$ 1,128,965
Accounts payable and accrued charges . . . . .	3,046,446	3,696,246
Income and other taxes payable . . . . .	410,451	475,984
Dividends payable. . . . .	117,833	117,833
	<u>5,154,798</u>	<u>5,419,028</u>

#### Shareholders' equity:

##### Capital stock (note 1)

##### Authorized:

2,281,636 non-cumulative preference shares of par value 20¢ each  
redeemable at par

17,092 class "A" shares of no par value

143,018 common shares of no par value

##### Issued and fully paid:

17,092 class "A" shares } . . . . .	533,700	533,700
143,018 common shares }		

Retained earnings (note 2) . . . . .	8,424,384	8,123,380
	<u>8,958,084</u>	<u>8,657,080</u>
	<u>\$14,112,882</u>	<u>\$14,076,108</u>

#### NOTES:

1. During the year, 572,072 non-cumulative preference shares were issued as a stock dividend and subsequently redeemed.
2. At December 31, 1969, retained earnings include \$303,584 tax-paid undistributed income.

### REPORT

as at December 31, 1969, and the statements of consolidated income, consolidated retained earnings and the accounting procedures and such tests of accounting records and other supporting evidence as we considered

as at December 31, 1969, and the results of their operations and the source and application of their funds for that of the preceding year.

CLARKSON, GORDON & CO.  
Chartered Accountants.

# COCHRANE - DUNLOP HARDWARE LIMITED

## AND SUBSIDIARY COMPANIES

### STATEMENT OF CONSOLIDATED INCOME

for the year ended December 31, 1969

	1969	1968
Sales . . . . .	\$35,750,970	\$35,661,895
Cost of goods sold including selling, general and administrative expenses . . . . .	34,792,860	34,361,824
Operating income . . . . .	958,110	1,300,071
Income from investments . . . . .	1,719	6,875
	959,829	1,306,946
Depreciation . . . . .	214,641	218,415
Net income before income taxes and extraordinary item . . . . .	745,188	1,088,531
Income taxes . . . . .	385,000	570,000
Net income before extraordinary item . . . . .	360,188	518,531
Extraordinary item—gain on sale of securities . . . . .	68,904	
Net income for the year . . . . .	<u>\$ 429,092</u>	<u>\$ 518,531</u>

NOTE: Remuneration of directors and senior officers amounted to \$142,003 in 1969.

### STATEMENT OF CONSOLIDATED RETAINED EARNINGS

for the year ended December 31, 1969

	1969	1968
Balance, beginning of year . . . . .	\$ 8,123,380	\$ 7,732,937
Net income for the year . . . . .	429,092	518,531
	8,552,472	8,251,468
Deduct dividends:		
Common shares . . . . .	114,414	114,414
Class "A" shares . . . . .	13,674	13,674
	128,088	128,088
Balance, end of year . . . . .	<u>\$ 8,424,384</u>	<u>\$ 8,123,380</u>



# COCHRANE - DUNLOP HARDWARE LIMITED

## AND SUBSIDIARY COMPANIES

### STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF FUNDS

for the year ended December 31, 1969

1969

1968

		1969	1968
<b>Source of Funds:</b>			
Net income for the year . . . . .	\$	429,092	\$ 518,531
Depreciation . . . . .		214,641	218,415
		<u>643,733</u>	<u>736,946</u>
<b>Application of Funds:</b>			
Expenditures on fixed assets . . . . .		151,141	492,255
Dividends . . . . .		128,088	128,088
		<u>279,229</u>	<u>620,343</u>
Increase in working capital . . . . .		364,504	116,603
Working capital at beginning of year . . . . .		6,147,138	6,030,535
Working capital at end of year . . . . .	\$	<u><u>6,511,642</u></u>	<u><u>\$6,147,138</u></u>

### WHOLESALE BRANCHES

**ONTARIO—** Dryden  
 Elliot Lake  
 Little Current  
 North Bay  
 Sault Ste. Marie  
 Sudbury  
 Thunder Bay  
 Toronto  
 Wawa

**QUEBEC—** Val d'Or

**MANITOBA—** Thompson

**SASKATCHEWAN—** Esterhazy  
 Saskatoon

### RETAIL BRANCHES

**ONTARIO—** Copper Cliff  
 Guelph  
 Hamilton  
 Lively  
 North Bay  
 Oakville  
 Peterborough  
 Sault Ste. Marie  
 Sudbury (2)

**MANITOBA—** Thompson

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